Supreme Court, U.S.
FILED

03 87 JUL 11 2003

OFFICE OF THE CLERK

No. _____

In the Supreme Court of the United States

MICHAEL LYNCH,

Petitioner,

v.

TRENDWEST RESORTS, INC.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

DAVID L. GARRISON
GARRISON & ASSOCIATES
2001 SIXTH AVENUE
SUITE 3300
SEATTLE, WA 98121
(206) 441-3440

FLOYD L. NEWLAND
Counsel of Record
KARR TUTTLE CAMPBELL
1201 THIRD AVENUE
SUITE 2900
SEATTLE, WA 98101-3028
(206) 223-1313

Counsel for Petitioner

BECKER GALLAGHER LEGAL PUBLISHING, INC.,
CINCINNATI, OHIO 800-890-5001

39pp

QUESTIONS PRESENTED

1. Did the Ninth Circuit err in holding that a copyright owner seeking recovery of an infringer's profits must prove that the infringer's profits were proximately caused by the infringer's use of video scenes from his copyrighted materials in view of the Copyright Act of 1976, 17 U.S.C. § 504(b) (1994), which, by its express terms, limits the copyright owner's burden to showing the infringer's gross revenue and requires the infringer to prove elements of profits attributable to factors other than the copyright owner's work?

2. If the copyright owner must prove use of the infringed materials were a cause of sales, can causation be proved by circumstantial evidence?

3. Did the Ninth Circuit err in holding that the infringer's sales of its only product (timeshare interests) were "indirect profits" which can be recovered only if the copyright owner proves a factor (in this case, "causation") which is not required by the plain language of 17 U.S.C. 504(b)?

PARTIES TO THE PROCEEDING AND CORPORATE DISCLOSURE STATEMENT

The parties to the proceeding are named in the caption. Petitioner Michael Lynch is an individual and Respondent Trendwest Resorts, Inc. is a publicly traded corporation. Petitioner believes that Cendant Corporation owns 10% or more of the stock of Respondent.

TABLE OF CONTENTS

Page

QUESTIONS PRESENTED i

PARTIES TO THE PROCEEDING AND CORPORATE DISCLOSURE STATEMENT ii

TABLE OF CONTENTS iii

TABLE OF AUTHORITIES v

OPINIONS BELOW 1

STATEMENT OF JUSRISDICTION 1

STATUTORY PROVISIONS INVOLVED 1

STATEMENT OF THE CASE 2

I. Overview of the Case 2

II. Background of the Case 4

III. Proceedings Below 5

REASONS FOR GRANTING PETITION 6

I. Review Is Warranted Because the Ninth Circuit Decision Conflicts with the Supreme Court's Decisions and the Mandate of Congress 9

II. Review is Warranted Because the Ninth Circuit Decision Conflicts with the Court's Prior Decisions and the Decisions of Other Circuits 11

CONCLUSION 15

APPENDIX

Appendix A - Ninth Circuit Memorandum - 04/18/03 . . . . . 1a

Appendix B - District Court Special Verdict Form - 09/07/01 . . . . . 5a

Appendix C - District Court Order 10a

TABLE OF AUTHORITIES

Cases

Cream Records, Inc. v. Jos. Schlitz Brewing Co.,
754 F.2d 826 (9th Cir. 1985) 12, 14, 15

Cream Records, Inc. v. Joseph Schlitz Brewing Co.,
864 F.2d 668 (9th Cir. 1989) 12

Data Gen. Corp. v. Grumman Sys. Support Corp.,
36 F.3d 1147 (1st Cir. 1994) 12

Eales v. Envtl. Lifestyles, Inc.,
958 F.2d 876 (9th Cir. 1992) 7

Famous Music Corp. v. Bay State Harness Horse Racing & Breeding Ass'n, Inc.,
554 F.2d 1213 (1st Cir. 1977) 14

Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.,
772 F.2d 505 (9th Cir. 1985) 14

Fronovisa, Inc. v. Cherry Auction, Inc.,
6 F.3d 259 (9th Cir. 1996) 13

Harper & Row Publishers, Inc. v. Nation Enters.,
471 U.S. 539 (1985) 9, 10

Mackie v. Rieser, 296 F.3d 909 (9th Cir. 2002),
cert. denied, 71 U.S.L.W. 3548
(U.S. Feb. 24, 2003) (No. 02-841) 2, 5

Polygram Int'l Publ'g, Inc. v. Nevada/TIG, Inc.,
855 F. Supp. 1314 (D. Mass. 1994) 14

Rogers v. Koons, 960 F.2d 301 (2nd Cir. 1992) 12

Sheldon v. Metro-Goldwyn Pictures Corp.,
309 U.S. 390 (1940) 9, 10

Stevens Linen Associates, Inc. v. Mastercraft Corp.,
656 F.2d 11 (CA2 1981) 9

Three Boys Music Corp. v. Bolton,
212 F.3d 477 (9th Cir. 2000) 14

Walker v. Forbes, Inc.,
28 F.3d 409 (4th Cir. 1994) 7, 11, 15

Statutes

17 U.S.C. § 101 1

17 U.S.C. § 504(b) . . . . i, 1, 2, 3, 5, 6, 7, 9, 10, 12, 15

28 U.S.C. § 1245(1) 1

Other Authorities

Forbes 400 11

H.R. Rep. No. 94-1476, at 161 (1976),
reprinted in 1976 U.S.C.C.A.N. 5777 7

Nimmer § 14.02 9

OPINIONS BELOW

The unpublished opinion of the United States Court of Appeals for the Ninth Circuit is reprinted at App. 1a - 4a. The August 22, 2001 Order on Summary Judgment of the United States District Court for the Western District of Washington is reprinted at App. 10a - 16a.

STATEMENT OF JURISDICTION

The Ninth Circuit issued its decision on April 18, 2003, and this petition for certiorari is timely in that Petitioner has filed it within 90 days of the Ninth Circuit decision. The Court has jurisdiction pursuant to 28 U.S.C. § 1245(1).

STATUTORY PROVISIONS INVOLVED

This case involves the interpretation and application of the Copyright Act of 1976, 17 U.S.C. §§ 101 et seq. (the "Copyright Act"), and specifically, the relevant provision involved in this Petition is § 504(b), which provides as follows:

> The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.

STATEMENT OF THE CASE

I. Overview of the Case.

Petitioner Michael Lynch ("Lynch") sued Respondent Trendwest Resorts, Inc. ("Trendwest") for violation of his rights in copyrighted sales materials and sought both damages and recovery of Trendwest's profits as authorized by § 504(b) of the Copyright Act. The District Court granted Trendwest's motion for summary judgment and dismissed Lynch's claim for profits on the ground that Lynch had not proven that the infringement resulted in the profits sought. The court allowed the claim for damages to go to trial. The jury found that Trendwest infringed Lynch's copyrighted videos and awarded damages. App. 5a.

Lynch's copyrighted videos were developed and sold to his customers for use in making recreational property timeshare sales. Trendwest's sole business was the sale of timeshares. Trendwest copied and used portions of Lynch's copyrighted videos in its own timeshare sales program in the exact same way that Lynch's paying customers, direct competitors of Trendwest, used such videos. Trendwest's profits were, in part, the direct result of Trendwest's unauthorized copying and use of Lynch's copyrighted materials.

The case, absent the profits issue, was submitted to the jury which found infringement and awarded damages. App. 5a. Lynch appealed the dismissal of the profits claim. The Ninth Circuit affirmed the dismissal of the profits claim based on its decision in *Mackie v. Rieser,* 296 F.3d 909 (9th Cir. 2002), *cert. denied*, 71 U.S.L.W. 3548 (U.S. Feb. 24, 2003) (No. 02-841), which was decided after the briefing of the Lynch case had been completed.

The Ninth Circuit held that it was necessary for a plaintiff seeking an award of the profits earned by an infringer to prove the causal relationship between the use of the infringing material and profits, whereas § 504(b) of the Copyright Act casts the entire burden upon the defendant and provides:

> *In establishing the infringer's profits*, the copyright owner is required to present proof ***only*** of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work. (Emphasis added.)

The Ninth Circuit held that the circumstantial evidence that Trendwest used the infringed materials for years, that Trendwest used the infringing videotapes in sales presentations to approximately 1,000,000 potential buyers of Trendwest's timeshares only minutes before they made their purchase decision, and the fact that Trendwest sent copies of the infringing videotapes home with the buyers to reinforce their purchase decision, did not create an issue of fact for the jury.

The excerpts from the Lynch videos were used by Trendwest in exactly the same way that the materials were used by those who paid royalties to Lynch for the materials. The Court, nevertheless, held that was not a sufficient showing of causation of sales to allow the jury to decide the issue. In other words, the Court found that, as a matter of law, there was no showing of causation. While Petitioner argues that no showing of causation was needed, the circumstantial evidence demonstrated there was a direct causal relationship from the showing of the infringing videos to the sales which occurred immediately after the showing of the

infringing videos and which were reinforced by the "take home" copies of the infringing video.

II. Background of the Case.

Lynch, a professional video producer, authored and sold video programs used by timeshare sellers in "podium" sales presentations to prospective buyers. It was shown that everyone in the business used such podium shows with a video presentation as part of the sales presentations. The method used was the same for everyone: prospective buyers are brought together to hear a presentation made from a podium which includes a video sales presentation of about 10 minutes' duration and immediately after the podium presentation the prospective buyers are greeted by salespersons who attempt to close the sale of the recreational property timeshare interests offered by Trendwest. Trendwest's video sales presentation included unauthorized copies of portions of Lynch's copyrighted videos he created for other timeshare sellers who compete directly with Trendwest. The infringing video material was used in each of Trendwest's timeshare sales presentations over a period of at least five years and such use continued after the commencement of litigation and through trial. The infringing video material was shown to about 1,000,000 potential buyers, of which about 100,000 actually purchased timeshares from Trendwest during the period at issue. It is important to note that the potential buyers saw the infringing videotapes immediately prior to the salespersons closing the sale and that a copy of the infringing material was sent home with each purchaser.

According to the Vice President of Trendwest, the timeshare video is intended to capture "the beauty and essence of the resort experience," make it look fun, and to put the

prospective purchaser "in the picture." Lynch's video is designed as a sales aid and Trendwest used scenes from Lynch's copyrighted sales aid in its own sales presentations without permission and without notice to Lynch, who later discovered the infringement by accident and then brought suit.

III. Proceedings Below.

The District Court imposed a burden, not authorized nor justified by the statute, upon the copyright owner. This newly created burden is to show causation. The District Court held that Lynch's powerful circumstantial evidence did not meet that burden. The Ninth Circuit affirmed the District Court's decision based on its ruling in *Mackie,* decided on July 25, 2002 after completion of briefing for the Ninth Circuit appeal, finding a distinction between what it called "indirect profits" and "direct profits." The Court held that one seeking to recover for an infringer's "indirect profits" under § 504(b) must ". . . proffer some evidence to create a triable issue regarding whether the infringement at least partially caused the profits that the infringer generated as a result of the infringement . . . ." App. 7a (citing *Mackie*). The Ninth Circuit improperly created a burden of proof on the copyright owner where the statute provides there is no such burden:

> *In establishing the infringer's profits, **the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses*** and the elements of profit attributable to factors other than the copyrighted work.

17 U.S.C. §504(b) (emphasis added). The statute tells exactly what the copyright owner must do to "establish the infringer's profits." Lynch did that. The Ninth Circuit held, as did the

trial court, that the use of Lynch's copyrighted material for years to generate 100,000 sales was not sufficient non-speculative evidence of a causal relationship between the infringed video and sales. Lynch agreed other factors contributed to the sales, but asserted that the duty to segregate those factors was Trendwest's statutory obligation.

REASONS FOR GRANTING PETITION

Supreme Court Rule 10 provides that a writ of certiorari will be granted only for "compelling reasons" and contains a non-exclusive list of considerations of the character of issues with respect to which the Court may exercise its discretion to accept. The considerations applicable to this Petition include: the Ninth Circuit entered a decision in conflict with other circuits on an important federal question stated at 17 U.S.C. § 504(b); the Ninth Circuit departed so far from the accepted and usual course of judicial proceedings as to call for the exercise of the Court's supervisory power; and the Ninth Circuit has made a decision directly contrary to 17 U.S.C. § 504(b) which has eviscerated a basic premise in Congress's balancing of the rights of copyright owners and infringers. This conflict should be settled by the Supreme Court because of the decision's adverse impact upon thousands of copyright owners. Furthermore, the decision will encourage infringement by the unauthorized commercial use of the creative contributions of authors.

Under the case at issue a copyright owner can recover as damages a reasonable royalty if the owner is lucky enough, as Lynch was, to discover the infringement and if the owner can afford the enormous sums required to pursue such a case to conclusion. However, obtaining an award of profits becomes a virtual impossibility under the Ninth Circuit decision which is in direct conflict with the Congressional intent that the

copyright owner be awarded the infringer's profits so that infringers would find it cheaper to buy a license than to steal the work of another. *Walker v. Forbes, Inc.*, 28 F.3d 409, 412 (4th Cir. 1994). House Committee Report No. 94-1476 states in part: "Section 504(b) recognizes the different purposes served by awards of damages and profits . . . . Damages are awarded to compensate the copyright owner of losses from the infringement, and profits are awarded to prevent the infringer from unfairly benefiting from a wrongful act." H.R. Rep. No. 94-1476, at 161 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5777.

The rule announced by the Ninth Circuit makes it a good gamble to simply infringe because, in the unlikely event the theft is discovered, the owner can recover only a reasonable royalty. *Eales v. Envtl. Lifestyles, Inc.*, 958 F.2d 876, 880 (9th Cir. 1992). In the instant case, the copyright owner can recover none of the ill-gained profits unless the copyright owner can bear a burden of proof resting upon information solely within the infringer's knowledge.

The infringer bears little risk, under the instant case, because of the difficulty of providing expert testimony concerning the sales which are caused by the infringement. A survey of buyers to determine what convinced or motivated them to buy at a time which was, necessarily, years prior to the survey is a daunting and expensive task not envisioned by Congress.

The statutory plan requires the infringer to prove deductible expenses and ". . . the elements of profit attributable to factors other than the copyrighted work." 17 U.S.C. § 504(b). The burden of proof adopted by the Ninth Circuit and the concept of "direct" and "indirect" profits

employed by the Court in its erroneous analysis are simply not found in, nor implied by, the statute.

Rejection of proof by circumstantial evidence is unwarranted— even murder can be proved by circumstantial evidence and jurors surely can evaluate and judge the impact of advertising. The circumstantial evidence included the fact that everyone in the industry, including Trendwest, used videotapes in sales presentations. Apparently the District Court thought the entire industry was, as a matter of law, in error in believing that the use of video sales presentations would add to sales. Why else would the industry include such presentations in the podium show—the last thing the buyer sees prior to interaction with the sales representatives seeking to close the sale?

The Ninth Circuit decision puts the work of thousands of authors at risk of infringement without an effective remedy. This case applies to all authors of works appropriated by others for advertising and casts upon the copyright owners the burden of demonstrating by expert testimony that the infringing advertising was successful in generating sales. Yet we all know that advertising works and the infringement was intended for that purpose. How can one think the infringer was in error when it believed it could enhance sales by using infringing material? Lynch was a prize-winning creator of video sales aids and his work was copied because it was believed to be effective. In this case the infringing video shots were used exactly as the author intended—to spur sales. It is clear that Lynch's honest customers and Trendwest all believed the infringed materials would create sales.

I. Review Is Warranted Because the Ninth Circuit Decision Conflicts with the Supreme Court's Decisions and the Mandate of Congress.

Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539 (1985), involved the rights to an unpublished manuscript of former President Gerald R. Ford. The Court affirmed the award of profits and damages and stated:

> . . . this Court has held that an infringer who commingles infringing and noninfringing elements "must abide the consequences, unless he can make a separation of the profits so as to assure the injured party all that justly belongs to him." *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390, 406 (1940). *Cf.* 17 U.S.C. § 504(b) (the infringer is required to prove elements of profits attributable to other than the infringed work).

Id. at 567. The Court clearly stated the rule respecting recovery of profits as advocated in this Petition. The Court then went on to demonstrate that in an action for damages:

> . . . once a copyright holder establishes with reasonable probability the existence of a causal connection between the infringement and a loss of revenue, the burden properly shifts to the infringer to show that this damage would have occurred had there been no taking of copyrighted expression. *See* 3 Nimmer § 14.02, at 14-7 - 14-8.1. Petitioners established a prima facie case of actual damage that respondents failed to rebut. *See Stevens Linen Associates, Inc. v. Mastercraft Corp.*, 656 F.2d 11, 15 (CA2 1981). The trial court properly awarded actual

damages and accounting of profits. *See* 17 U.S.C. § 504(b).

Id. at 567-68. As can be seen, the Court held the *infringer* has the duty to segregate the profits or to be liable for all the profits, citing *Sheldon* and 17 U.S.C. § 504(b). If the copyright owner desires to recover his lost revenue as damages, as was the case in *Harper & Row,* then the copyright owner must establish *with reasonable probability* a causal connection between the lost revenue and the infringement. In the instant case the jury verdict demonstrates that Lynch proved a causal connection between the use of Lynch's video images and his loss. There is no suggestion in *Harper & Row* that any proof of causation (beyond a reasonable probability) was required to recover profits, and the Court quoted the language of § 504(b) to that effect. Thus, the dismissal by the Ninth Circuit of Lynch's profits claim is unwarranted under *Sheldon*, *Harper & Row*, and § 504(b).

It is difficult to imagine a more clear statement that the infringer (by definition the wrongdoer) must bear the burden of proving that its profits came from sources other than Lynch's videos than the Congressional mandate which created a rebuttable presumption that the profits are attributable to the infringement. The jury should have been permitted to consider the impact of the infringer's, and the industry's, tacit admission of the effectiveness of the videos to generate sales by years of repeated use of the infringing videos which continued even after suit was commenced and through trial.

II. Review Is Warranted Because the Ninth Circuit Decision Conflicts with the Court's Prior Decisions and the Decisions of Other Circuits.

Infringement. In *Walker*, the Fourth Circuit approved the following jury instruction:

> Amounts or elements of profits should be deemed attributable to the alleged infringement, unless Forbes proves by a preponderance of the evidence that they are not. To the extent Forbes is able to prove that the profits at issue derive solely from their own work, exclusive of the effect of the Hollingsworth picture, they are permitted to retain them. Damages need not be measured by the entire profit earned by Forbes on the issue, but should be in an amount commensurate with the value of the alleged infringing material in relation to the issue as a whole. You must therefore seek to calculate the profits received by Forbes from its publication of the Hollingsworth picture in relation to the profits received from the issue as a whole. To do so, you should consider the contribution, ***if any***, that publication of the Hollingsworth picture made to the profits from the issue.

28 F.3d at 415-16 (emphasis added).

In *Walker*, the damages issue was the extent to which a single one-ninth- page photo in the 408-page *Forbes 400* issue contributed to the profits from that issue. *Id.* at 411, 412–13. The jury awarded Walker $5,823, which the Fourth Circuit affirmed.

The First Circuit similarly held that:

> . . . the plaintiff must meet only a minimum burden of proof in order to trigger a rebuttable presumption that the defendant's revenues are entirely attributable to the infringement; the burden then shifts to the defendant to demonstrate what portion of its revenues represent profits, and what portion of its profits are not traceable to the infringement.

Data Gen. Corp. v. Grumman Sys. Support Corp., 36 F.3d 1147, 1173 (1st Cir. 1994). The First Circuit noted that "no further proof was required" of plaintiff as to the issue of damages other than to establish the defendant's gross revenue from its infringement-related business. *Id.* at 1174.

Even in *Cream Records, Inc. v. Jos. Schlitz Brewing Co.*, 754 F.2d 826 (9th Cir. 1985) ("Cream Records I"), and *Cream Records, Inc. v. Joseph Schlitz Brewing Co.*, 864 F.2d 668 (9th Cir. 1989), the Ninth Circuit allowed recovery of profits where the infringers earned profits from fees received for producing a television commercial which contained the infringed material and from sales of malt liquor resulting, at least in part, from the infringing commercial. There is no way to know if any of the beer purchasers ever saw the commercial, while in this case *every potential purchaser* saw the unauthorized commercial use of Lynch's videos.

In *Rogers v. Koons*, 960 F.2d 301 (2nd Cir. 1992), the Second Circuit followed the rule stated in § 504(b) in a case where a sculptor made a sculpture based on plaintiff's photographs and sold copies of the sculpture. In *Koons,* evidence of copying and sales was sufficient to shift the burden of proof to the defendants.

Circumstantial Evidence. If there is some burden of proof applicable to this case, then Lynch successfully met it by showing copying and repeated use of his video images by Trendwest for business purposes. The Lynch videos were made to effect sales and Trendwest used portions of those videos for that purpose. The connection is important. Trendwest showed the infringing videotapes to put the customer in the picture of the fun and excitement of travel and the sales followed immediately thereafter. A reasonable jury could easily have determined that the infringing videotapes had a positive impact on Trendwest's sales under these circumstances. In fact, it is difficult to say that a reasonable jury could say that the use of Lynch's video shots in the podium show did not contribute to Trendwest's sales.

Vicarious Infringement. The doctrine of indirect profits has been defined in vicarious copyright infringement cases so that even a person who did not infringe may be liable for his "direct financial benefit." The concept of direct financial benefit should determine whether or not the sales were "direct" sales if "direct" vs. "indirect" is a factor to be considered. The rule in the vicarious copyright cases should, by analogy, set the standard in the case of a direct infringement case if any proof of profits is required. In *Fronovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259 (9th Cir. 1996), the defendants collected rent from exhibitors and charged admission to a swap meet where third-party vendors routinely sold counterfeit music recordings that infringed plaintiff's copyrights and trademarks. Other substantial benefits to the defendants included incidental payments for parking, food and other services by customers seeking to purchase infringing recordings. Thus, in rejecting the defendants' contention that the swap meet was a mere landlord and not a vicarious infringer, the Court stated:

> The facts alleged by Fronovisa, however, reflect that the defendants reap substantial financial benefits from admission fees, concession stand sales and parking fees, all of which flow directly from customers who want to buy the counterfeit recordings at bargain basement prices. ***The plaintiff has sufficiently alleged direct financial benefit.***

Id. at 263 (emphasis added). See also *Famous Music Corp. v. Bay State Harness Horse Racing & Breeding Ass'n, Inc.*, 554 F.2d 1213 (1st Cir. 1977) (holding race track owner vicariously liable for infringing acts of band that entertained patrons who were not "absorbed in watching the races").

In *Polygram Int'l Publ'g, Inc. v. Nevada/TIG, Inc.*, 855 F. Supp. 1314 (D. Mass. 1994), the court found that infringing music used to cultivate trade show attendees' interest provided direct financial benefit to the trade show organizer.

The issue Lynch wished to present to the jury was the degree to which the infringed portions of his videos contributed to Trendwest's timeshare sales. This is the same question the jury in *Three Boys Music Corp. v. Bolton*, 212 F.3d 477 (9th Cir. 2000), considered when presented with the issue of how much the song "Love Is a Wonderful Thing" contributed to sales of the album "Time, Love and Tenderness," or how much the five songs from the movie *Kismet* contributed to ticket sales for the musical *Hallelujah Hollywood* in *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505 (9th Cir. 1985), or how much the 10-note ostinato from the popular rhythm and blues composition "The Theme From Shaft" contributed to sales of Schlitz's malt liquor in *Cream Records I.*

CONCLUSION

Congress has allowed a plaintiff in a copyright infringement action to recover a defendant's profits under § 504(b), in part, to demonstrate that "it is cheaper to buy than to steal." *Walker*, 28 F.3d at 412. The defendant, not the plaintiff, is in the better position to allocate profits "attributable to the infringement" and it follows that the burden of proof on this issue should be, as is set forth in § 504(b), on the defendant.

Trendwest's profits from timeshare sales were a result of sale of timeshare interests in which infringement of Lynch's copyrights played a central role. This situation is far more compelling than *Cream Records I* in which the plaintiff prevailed on the profits issue where the defendant used a short musical phrase in its infringing music for general advertising of beer. In *Cream Records I*, there was no way to know how many people who bought the advertised product even saw or heard the infringing commercial.

The common sense argument is pertinent here: If Trendwest's infringing use of Lynch's work did not contribute to sales and profits, why would Trendwest continue to use the infringing videotapes even after notice of Lynch's claim, the filing of suit, and through the trial of the case?

Review is warranted to prevent injustice to Lynch as well as to thousands of other authors of every kind of copyrightable property which may be incorporated into advertising or sales materials by unscrupulous parties who deliberately infringe on the rights of others to generate sales.

RESPECTFULLY SUBMITTED this _____ day of July, 2003.

KARR TUTTLE CAMPBELL

Floyd L. Newland, WSBA #1009
Counsel of Record
David L. Garrison, WSBA #1844
GARRISON & ASSOCIATES

Attorneys for Petitioner Michael Lynch

APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

No. 01-35909

[Filed April 18, 2003]

MICHAEL LYNCH, an individual,
Plaintiff - Appellant,

v.

TRENDWEST RESORTS INC,
Defendant - Appellee.

Appeal from the United States District Court
for the Western District of Washington
D.C. No. CV-00-00329-MJP
Marsha J. Pechman, District Judge, Presiding

JUDGES:
Before: D.W. NELSON, THOMAS, Circuit Judges, and PREGERSON, District Judge.*

* The Honorable Dean D. Pregerson, United States District Judge in and for the Central District of California, sitting by designation.

MEMORANDUM *

Michael Lynch appeals the district court's judgment entered in his suit for copyright infringement suit against Trendwest Resorts, Inc. ("Trendwest") following a jury trial. We affirm. Because the parties are familiar with the factual and procedural history of this appeal, we need not recount it here.

I

The district court properly determined that (1) Lynch's suit was one seeking indirect, rather than direct, profits as damages for infringement, and (2) that summary judgment was appropriate on the indirect profits claim. As we noted in *Mackie v. Rieser*, 296 F.3d 909, 911 (9th Cir. 2002), 17 U.S.C. § 504(b) erects a two-prong "profits" structure, treating "direct" and "indirect" profits distinctly. "Direct" profits, we explained, are "those that are generated by selling an infringing product, id.; "indirect" profits, in counterpoint, are defined as "revenue that has a more attenuated nexus to the infringement." Id.; see, e.g., Three Boys Music Corp. v. Bolton, 212 F.3d 477, 487 (9th Cir. 2000); Frank Music Corp v. Metro-Goldwyn-Mayer, Inc., 886 F.2d 1545, 1550 (9th Cir. 1989), cert. denied, 494 U.S. 1017 (1990). The district court correctly determined that Lynch's claim is for "indirect" profits because he was not seeking a portion of the profits that Trendwest derived from direct sales of the

---

* This disposition is not appropriate for publication and may not be cited to or by the courts of this circuit except as provided by Ninth Circuit Rule 36-3.

videotape containing the infringing material. Rather, the profits at issue were generated from the sale of time share condominiums. Thus, the district court correctly construed this as an indirect profits case. See May v. Watt, 822 F.2d 896, 901 (9th Cir. 1987) ("The damages theoretically available [] [] under the category 'infringer's profits,' are best understood in this context as being a claim for 'indirect profits.' Here the defendant's did not actually *sell* May's plans to some third party ....") (emphasis in original).

As a plaintiff seeking "indirect" profits under § 504(b), Lynch was required to "proffer some evidence to create a triable issue regarding whether the infringement at least partially caused the profits that the infringer generated as a result of the infringement." Mackie, 296 F.3d at 911. "[S]ufficient non-speculative evidence [of a connection] between the infringement and the profits generated indirectly," we have noted, is necessary to sustain an "indirect" profits claim. Id. at 914, 916. Lynch proffered insufficient specific, nonconjectural evidence upon which a finder of fact could construct an "indirect" profits damage analysis. Indeed, Trendwest supplied the direct evidence tendered in the case, which consisted of affidavits stating that, based on comparative data, there were no additional sales gained or lost through the use of the promotional video. Lynch urges us to infer the requisite proof from the facts; however, Mackie requires more. Id. Given the state of the record, the district court's summary judgment decision in favor of Trendwest on Lynch's profits claim was proper. In light of the absence of direct proof, we need not opine as to what quantum of proof would be necessary to avoid summary judgment.

II

Lynch also appeals the jury's finding of non-infringement as to Trendwest's uses of certain videos. However, he did not preserve this issue for appellate review because he did not move for judgment as a matter of law at the close of the evidence and renew the motion after the verdict. Humetrix, Inc. v. Gemplus S.C.A., 268 F.3d 910, 923 (9th Cir. 2001) (emphasis in original), citing, Desrosiers v. Flight Int'l of Florida, Inc., 156 F.3d 952, 956-57 (9th Cir. 1998). Thus, we review for plain error. See, e.g., United States v. Morfin, 151 F.3d 1149, 1151 (9th Cir. 1998). To reverse for plain error, we must find "an 'error' that is 'plain' and that 'affects substantial rights.'" See United States v. Pena, 314 F.3d 1152, 1155 (9th Cir. 2003). If the threshold requirements are satisfied, we must also conclude that the error "seriously affects the fairness, integrity or public reputation of judicial proceedings." Id. No plain error infected the relevant portions of the jury's verdict; rather, it was a reasonable evaluation of the evidence proffered, and it in no way detrimentally affected Lynch's "substantial rights." Id.

AFFIRMED.

APPENDIX B

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

No. C00-0329P

[Filed September 7, 2001]

MICHAEL LYNCH, an individual, Plaintiff,	)
v.	)
TRENDWEST RESORTS, INC., Defendant.	)

THE HONORABLE MARSHA J. PECHMAN

SPECIAL VERDICT FORM

Your answers to these special questions submitted to you must be unanimous. Unless all of you agree, you may not return an answer to any question.

We the jury, make the following answers to the questions submitted by the Court:

QUESTION NO. 1: Does Plaintiff hold valid copyright registrations for the following audio-visual works? Answer

"Yes" or "No" after the title of each audio-visual work.

Kona Coast Resorts (Ex. 7) Yes ✓ No__

Lawrence Welk's Desert Oasis (Ex. 6) Yes ✓ No__

Gardens of West Maui (Ex. 9) Yes ✓ No__

Winner's Circle Presents
"Gaslamp Plaza Suites" (Ex. 59) Yes ✓ No__

Tropical Magic of Hawaii (Ex. 5) Yes ✓ No__

Club de Soleil (Ex. 10) Yes ✓ No__

Pahio Activities (Ex. 11) Yes ✓ No__

Sands of Kahana (Ex. 8) Yes ✓ No__

If you answer Question No. 1 "Yes" as to at least one audio-visual work, proceed to Question No. 2. If you answer Question No. 1 "No" as to all audio-visual works, your verdict is for Defendant and you should sign and return this verdict.

QUESTION NO. 2: Did Plaintiff have a license or other permission to use the Kauai material (Ex. 55), which appears in the Pahio Activities and Sands of Kahana works? Answer "Yes" or "No"

Yes ✓ No__

Proceed to Question No. 3.

QUESTION NO. 3: Did Defendant make impermissible use of original contributions by Plaintiff in the following works. Answer "Yes" or "No" after each of the following:

Kona Coast Resorts (Ex. 7)	Yes ✓	No__
Lawrence Welk's Desert Oasis (Ex. 6)	Yes ✓	No__
Gardens of West Maui (Ex. 9)	Yes ✓	No__
Winner's Circle Presents "Gaslamp Plaza Suites" (Ex. 59)	Yes__	No ✓
Tropical Magic Of Hawaii (Ex. 5)	Yes__	No ✓
Club de Soleil (Ex. 10)	Yes__	No ✓
Pahio Activities (Ex. 11)	Yes__	No ✓
Sands of Kahana (Ex. 8)	Yes ✓	No__

If you answer Question No. 3 "No" as to all audio-visual works or if none of the "Yes" answers to Question No. 3 correspond to a "Yes" answer to Question No. 1 regarding the same audio-visual work, your verdict is for Defendant and you should sign and return this verdict. If you answer Question No. 3 "Yes" as to at least one audio-visual work for which you also answered "Yes" in response to Question No. 1, then answer Question No. 4.

QUESTION NO. 4: Did Plaintiff unreasonably delay as defined in Instruction No. 19? Answer "Yes" or "No." If you

answer "Yes" state the date by which Plaintiff should have acted.

Yes__ No✓ Date:_____

If you answered Question No. 4 "No," proceed to Question No. 6. If your answer to Question No. 4 is "Yes," proceed to Question No. 5.

QUESTION NO. 5: Did Plaintiff's unreasonable delay result in prejudice to Defendant? Answer "Yes" or "No"

Yes___ No___

Proceed to Question No. 6.

QUESTION NO. 6: Is a portion of Plaintiff's copyright infringement claim barred under the applicable three-year statute of limitations? Answer "Yes" or "No"

Yes__ No✓

Proceed to Question No. 7.

QUESTION NO. 7: What amount of money do you find from a preponderance of the evidence to be due to Plaintiff, measured by any reduction in the market value of copyrighted work, which is the amount a willing buyer would have been reasonably required to pay a willing seller at the time of infringement.

Please note, if you found Plaintiff did not have license or other valid permission to use the Kauai material in response

to Question No. 2 above, Plaintiff may not recover damages for Defendant's use of those portions of the Pahio, Activities and Sands of Kahana audio-visual works containing the Kauai material.

Additionally, Plaintiff may not recover damages for Defendant's use of portions of works which do not contain original contributions of Plaintiff.

If you answered Question Nos. 4 and 5 affirmatively, then you should not award any damages for the period beginning from the date listed in Question 4 and continuing to January 26, 2000.

Finally, if you found a portion of Plaintiff's claims are barred under the applicable three-year statute of limitations in response to Question No. 6 above, Plaintiff may not recover for Defendant's use of any of Plaintiff's audio-visual works, which occurred prior to March 1, 1997.

$ 88,392.85

DATED: Sept 7, 2201

/s/_____
Foreperson

APPENDIX C

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

No. C00-0329P

[Filed August 22, 2001]

MICHAEL LYNCH, an individual,
Plaintiff,

v.

TRENDWEST RESORTS, INC.,
Defendant.

ORDER GRANTING IN PART TRENDWEST'S SECOND MOTION FOR PARTIAL SUMMARY JUDGMENT

This matter cam before the Court on Defendant Trendwest Resort's second motion for partial summary judgment. Dkt. No. 156. Trendwest seeks summary judgment on several grounds. Plaintiff Michael Lynch opposes the motion. Having reviewed all materials submitted in support of and in opposition to this motion, as well as the remaining record, the motion is hereby GRANTED IN PART.

Lanham Act:

Mr. Lynch has indicated that he does not dispute Trendwest's argument that his Lanham Act claim should be dismissed because he has an adequate remedy under the Copyright Act. See Lynch's Response to Trendwest's Second Motion for Summary Judgment, n.1. As such, defendant's motion is GRANTED on this issue, and the Lanham Act claim is dismissed.

Copyright Act:

Trendwest seeks dismissal of Lynch's claims for infringement on the grounds that Lynch's derivative work is not entitled to copyright protection because the alterations made to the original material were trivial. Trendwest contends that Lynch's alterations to the original videos were merely mechanical or functional. In support of this argument, Trendwest cites to portions of Lynch's deposition testimony in which he indicated that he changed the video level, color intensity, hue, length, type, and format of the original videotapes. Merrick Decl., Ex. D. Trendwest argues that these changes are merely trivial, and Lynch's videos therefore do not meet the standard for "legal originality" because they are not substantially different from the original videos.

Section 17 U.S.C. § 101 defines derivative works as follows:

> A "derivative work" is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction,

> abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a "derivative work."

The test for copyrightability of a derivative work contains two prongs: 1) The original aspects of a derivative work must be more than trivial; and 2) The original aspects of a derivative work must reflect the degree to which it relies on preexisting material and must not in any way affect the scope of any copyright protection in that preexisting material. Entertainment Research Group, Inc. v. Genesis Creative Group, Inc., 122 F.3d 1211, 1219 (9th Cir. 1997). Differences in appearance between a derivative work and a preexisting work which are not separable from functional or mechanical purposes should not be considered by a court in determining whether sufficient differences exist to satisfy the "originality" requirement of copyrightability. Id. at 1222.

Trendwest's arguments on this point are unconvincing. Contrary to Trendwest's assertions, the relevant question is not whether those portions of Lych's videos that were allegedly infringed include original contributions worthy of copyright protection. Instead, the relevant question is whether Lynch's work as a whole is worthy of copyright protection. Under Trendwest's argument, they would get a windfall because the scenes they allegedly infringed just happened to have come from someone other than Lynch. There are genuine issues of material fact on the question of whether Lynch's work as a whole contains aspects of originality sufficient to warrant copyright protection. For this

reason, Trendwest's motion for summary judgment is denied on this issue.

Consumer Protection Act:

Trendwest also seeks dismissal of Lynch's claim for violation of the Consumer Protection Act, RCW 19.86.010 et seq., on the grounds that the claim is preempted by Section 301 of the Copyright Act. Trendwest argues that Lynch is seeking redress under the CPA for their alleged violation of the Copyright Act, and that any right violated under the CPA is equivalent to any right Lynch is asserting under the Copyright Act. Lynch opposes the motion, and argues that his CPA claim contains an extra element of misrepresentation or deception, and is therefore not preempted by the Copyright Act.

Section 301 of the Copyright Act provides:

> On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statues of any State.

17 U.S.C. § 301(a). Under this section, a state law cause of action is preempted if the rights a plaintiff asserts under state law are "rights that are equivalent" to those protected by the Copyright Act and the work involved falls within the "subject matter" of the Copyright Act as set forth in 17 U.S.C. §§ 102 and 103. Kodadek v. MTV Networks, 152 F.3d 1209 (9th Cir. 1998) (holding that plaintiff's state law claims for unfair competition are preempted by Copyright Act). In order to determine whether the rights asserted under state law are equivalent to those protected by the Copyright Act, a court must examine the nature of the plaintiff's claims to discern what rights plaintiff seeks to enforce under state law. Id. at 1212.

Reviewing Lynch's amended complaint, it is clear that Lynch's Consumer Protection Act claim is based solely on rights equivalent to those protected by the federal copyright laws. His CPA claim is expressly based on Trendwest's alleged copying of his videotapes, and does not contain additional allegations of deception, misrepresentation, or harm to the public. Lynch fails to cite to any Ninth Circuit authority contradicting Kodadek. As such, Lynch's claims under the CPA are preempted and are hereby dismissed.

Damages: Profits

Trendwest has again moved for summary judgment on the issue of profits, arguing that there is no evidence of a causal connection between the alleged use of segments of the Lynch video and Trendwest's total gross revenue. Trendwest insists that Lynch's claims for indirect profits must be dismissed as remote and speculative. In support of this argument, Trendwest has put forward evidence that two of Trendwest's

offices which did not use either the "podium" or "take home" videotapes experienced no decrease in sales, and no increase in rates of rescission. Because there is no evidence of a causal connection between the alleged infringement and Trendwest's profits, Trendwest argues that they are entitled to summary judgment on this issue.

Having reconsidered this issue, the Court hereby GRANTS Trendwest's motion on Mr. Lynch's claims for indirect profits. "[A] court may deny recovery of a defendant's profits if they are only remotely or speculatively attributable to the infringement." Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc., 772 F.2d 505, 517 (9th Cir. 1985)("Frank I"). The question of whether specific profits are attributable to the infringement is "similar to that of proximate cause in the tort context" in that there comes a point beyond which profits cannot legally be attributed to a particular act of infringement. Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc., 886 F.2d 1545, 1553 (9th Cir. 1989)("Frank II"). "Profits of the infringer may not be awarded where there is no rational basis for determining them. Damages must be based on credible evidence, not speculation." Rainey v. Wayne State University, 26 F.Supp.2d 963,971 (E.D.Mich. 1998).

Mr. Lynch has failed to produce sufficient proof in support of his claim for indirect profits to survive summary judgment. In fact, in response to Trendwest's motion, he has produced no evidence from which a fact finder could reasonably calculate the portion of Trendwest's profits attributable to the alleged infringement. It appears that any connection between Trendwest's profits and their alleged infringement of portions of Mr. Lynch's work is too

conjectural or remote to calculate. As such, a "reasonable, nonspeculative formula" cannot be derived for determining the measure of recovery of indirect profits. See Frank I, at 519. Mr. Lynch's claims for indirect profits under 17 U.S.C. § 504(b) are therefore dismissed.

Conclusion:

Defendant Trendwest's Second Motion for Partial Summary Judgment is therefore GRANTED in PART. Mr. Lynch's claims arising under the Lanham Act and the Consumer Protection Act are dismissed, as are Mr. Lynch's claims for indirect profits.

The Clerk is directed to send copies of this order to all counsel of record.

Dated this 22 day of August, 2001.

/s/_____
Marsha J. Pechman
United States District Judge

(2)

Supreme Court, U.S.
FILED
AUG 25 2003
OFFICE OF THE CLERK

No. 03-87

In the Supreme Court of the United States

MICHAEL LYNCH,

Petitioner,

v.

TRENDWEST RESORTS, INC.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

PETITIONER'S SUPPLEMENTAL BRIEF

DAVID L. GARRISON
Counsel of Record
GARRISON & ASSOCIATES PS
2001 SIXTH AVENUE
SUITE 3300
SEATTLE, WA 98121
(206) 441-3440

FLOYD L. NEWLAND
KARR TUTTLE CAMPBELL
1201 THIRD AVENUE
SUITE 2900
SEATTLE, WA 98101-3028
(206) 223-1313

Counsel for Petitioner

BECKER GALLAGHER LEGAL PUBLISHING, INC.,
CINCINNATI, OHIO 800-890-5001

7PP

NEW AUTHORITY SHOWING ADDITIONAL CONFLICT AMONG THE CIRCUITS

Petitioner brings to the Court's attention that *Andreas v. Volkswagen of America, Inc.*, Nos. 02-2309 & 02-2420, 2003 U.S. App. LEXIS 14562 (8th Cir. July 21, 2003), was decided after the filing of the Petition in this case. The *Andreas* court's reasoning and holding is in conflict with the holding of the Ninth Circuit in the instant case. *Andreas* follows the reasoning and decision of the Court in *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390 (1940), the Fourth Circuit's decision in *Walker v. Forbes,* 28 F.3d 409 (4th Cir. 1994), and the Ninth Circuit's own case, *Cream Records Inc. v. Joseph Schlitz Brewing Co.*, 864 F.2d 668 (9th Cir. 1989). The *Andreas* case further highlights the Ninth Circuit's error in making an artificial distinction between "direct" and "indirect" sales not based on, nor justified by, 17 U.S.C. § 504(b).

The advertising at issue in the *Andreas* case utilized a phrase from plaintiff's copyrighted work entitled "Angels of Mercy." The advertising was used by defendant to promote Audi automobiles. The district court granted Audi's motion for judgment as a matter of law and vacated the jury's award of Audi's profits. The District Court held the circumstantial evidence of a causal connection between the evidence proffered by Andreas and Audi's profits was too speculative to support the jury's award. On appeal, Andreas argued that he had met his burden of proof.

The Eight Circuit reversed the district court's grant of Audi's motion for judgment:

> We recognize that it is difficult to establish the portion of profits attributable to an infringement in cases

> where the infringed material is used in an advertisement for another product, but Congress put the burden of establishing "elements of profit attributable to factors other than the copyright work" on the defendant. Further, **Congress did not distinguish between direct and indirect profits cases in allocating the burden of proof** between establishing *the fact* that an infringement contributed to a defendant's profits and *the extent* to which the infringement contributed to the profits. We hold that the jury's conclusion that Andreas established a nexus between Audi's infringing use of his copyrighted work and Audi's profits from the sales of the TT coupe is sufficiently supported by the evidence so as to defeat a motion for JAML.

Id. at *25-*26 (bold by counsel, italics in original). The court held the jury had sufficient circumstantial evidence to find that Audi's commercial "contributed to the profitable introduction of the TT coupe," which shifted the burden to Audi to show what effect other factors had on its profits. *Id.* at *19-*20. Andreas's evidence showed that the stolen phrase was the centerpiece of the commercial,[1] that Audi enthusiastically presented the commercial to its dealers as an important and integral part of its launch of the TT coupe, that sales of the

[1] The commercial depicted a TT coupe in a garden surrounded by angelic looking statues and contained a voice-over which says: "I think I just had a wake-up call, and it was disguised as a car, and it was screaming at me not to get too comfortable and fall asleep and miss my life." Andreas's copyrighted drawing, entitled "Angels of Mercy," was accompanied by the following text: "Most people don't know that there are angels whose only job is to make sure you don't get too comfortable & fall asleep & miss your life."

TT coupe during the period that the commercial aired were above Audi's projections, that the commercial received high ratings on consumer-recall surveys, and that Audi paid the advertising agency that created the commercial a substantial bonus based on the commercial's success. See *id.* at *18-*19.

Significantly, the court recognized that the infringing commercial probably did not contribute to every purchase of a TT coupe during the relevant time period, and that *some buyers may have never seen the commercial.* However, these considerations did not tip the scale in Audi's favor, as *"the detriment of any speculation"* should have been placed on Audi rather than on Andreas. *Id.* at *21 (emphasis added). The court said:

> [W]e reject the notion that Andreas was required to put a TT buyer on the stand to testify that she bought the car because of the commercial in order to meet his burden of a causal connection. Once a nexus was shown as established above, Andreas was required under the statute only to establish Audi's gross revenue from the TT coupe. Audi then bore the burden of establishing that its profit was attributable to factors other than the infringing words: the other two commercials that did not contain the infringed words, other parts of the Wake Up commercial, customer loyalty, brand recognition, etc.

Id. at *20. In the Lynch case, the question of whether or not the infringing video contributed to Respondent's timeshare sales should have been decided by the jury. Instead, the district court dismissed Petitioner's profits claim, and the Ninth Circuit affirmed, even though Petitioner's circumstantial evidence is far more convincing than those presented in *Andreas*.

Petitioner's copyrighted videos were developed and sold to customers as a visual aid for use in making timeshare sales. Respondent illegally copied and used over 100 scenes from at least five videos produced by Petitioner for his paying customers in its timeshare sales program in the exact same way that Petitioner's customers used such videos—in "podium" presentations to prospective buyers. In other words, Respondent stole a sales tool and used it as such in direct competition with Petitioner's paying customers.

The infringing video containing many scenes lifted straight out of Petitioner's copyrighted videos was used in each of Respondent's sales presentations over a period of at least five years, and Respondent made a business decision to continue its use after the commencement of litigation and through trial. During the relevant time period, approximately 1,000,000 potential buyers saw the infringing video as part of Respondent's sales presentations, and about 10% of them bought timeshare interests from Respondent. Buyers were given a copy of the infringing video to take home with them in order to reinforce their decision since each buyer had a period of time within which to rescind the purchase without penalty. According to Respondent, the purpose of a timeshare video is to capture "the beauty and essence of the resort experience" and to put the prospective buyer "in the picture." To that end, Petitioner's copyrighted images of Hawaii, Palm Springs, San Diego, Las Vegas and other scenic destinations were used by Respondent to induce potential customers to buy timeshare interests from Respondent. In particular, Respondent made extensive use of Petitioner's work in putting together the video sales presentation for its timeshare interests worldwide, including Hawaii, which generally is considered by the timeshare industry as the most desirable vacation spot in the world.

Not unlike the car commercial in *Andreas*, Respondent's infringing video was intended to accomplish one purpose—to sell timeshare interests—by captivating prospective buyers with enchanting images and, ultimately, by connecting them to the experience of ownership. If the infringing video was not an effective means of accomplishing that goal, one might ask why Respondent would bother showing it at all, let alone showing it continuously prior to and continuing through trial. One might also ask why every timeshare seller in the industry uses video presentations to help get buyers "in the mood."[2] The answer is simple. Commercials (which, in the Lynch case, were embodied in a video) sell. A multi-billion dollar industry is based on the idea that a picture is worth a thousand words.

Ninth Circuit's rejection of Petitioner's proof of causation by circumstantial evidence is unwarranted in this case. The court's decision is at odds with other circuit courts' interpretation of § 504(b) of the Copyright Act of 1976 and the clear intent of Congress with respect to that statute. For the reasons more particularly described in the Petition for Writ of Certiorari, Petitioner respectfully request that review be granted by this Court.

[2] For example, Respondent used Petitioner's copyrighted images of heavy traffic on a freeway and wild mustangs running freely on an open plain in its video presentations to highlight the sharp contrast between the daily grind of city life and the resort-like experience of timeshare vacations.

RESPECTFULLY SUBMITTED this 22nd day of August, 2003.

GARRISON & ASSOCIATES PS

David L. Garrison, WSBA #1844
Counsel of Record

KARR TUTTLE CAMPBELL

Floyd L. Newland, WSBA #1009

Attorneys for Petitioner Michael Lynch